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CENTRAL INTELLIGENCE GROUP

INTELLIGENCE REPORT

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COUNTRY China

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SUBJECT Economic Information

DIST. 19 August 1947

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This document is hereby regraded to CONFIDENTIAL in accordance with the letter of 16 October 1978 from the Director of Central Intelligence to the Archivist of the United States.

Next Review Date: 2008

1. Although Chinese Communist officials in Chefoo are extremely optimistic in believing that all of North China will be under Communist control by the end of 1947, they are not encouraging business and industry in Chefoo. Partly for this reason and partly because of the shortage of fuel, almost all pre-war industry has slowed down or stopped. Electric power is turned on daily only between 1400 and 2200 hours.

2. Inflation in Chefoo caused the price of gold to rise from Pei Hai $70,000 per ounce to Pei Hai $150,000 per ounce within two weeks during June. Very little use is made of paper money. Instead all business, including taxes and rent, is carried on in terms of grain or gold. There are two gold mines operating in the vicinity and producing 60 ounces of gold per day, in contrast to the 150 ounces per day produced during the Japanese occupation. The maximum amount produced by the Communists since the end of the war is 90 ounces per day.

3. All business involving travel is done during the night because there is danger in the daytime of Nationalist air-strafing, even of small carts.

4. The population of Chefoo has decreased from the pre-war figure of 270,000 to 120,000, which is 30,000 less than the official figure claimed by the Communists.

Document No. ____

NO CHANGE in Class. ☐

☑ DECLASSIFIED

Class. CHANGED TO: TS S C

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Date: APR 13 1978 by: 013

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